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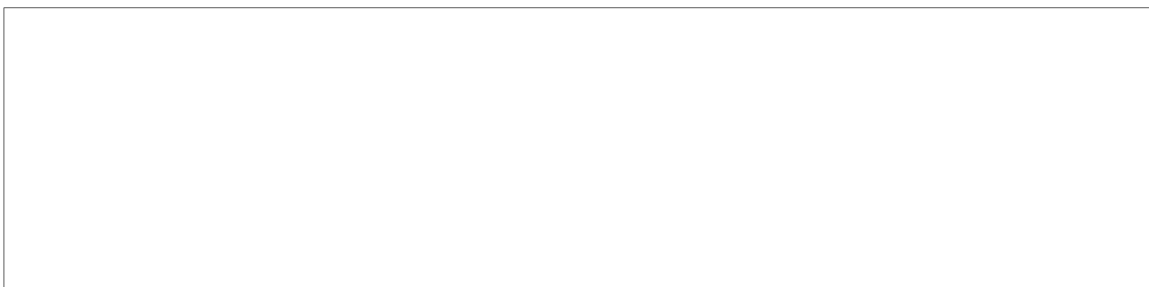
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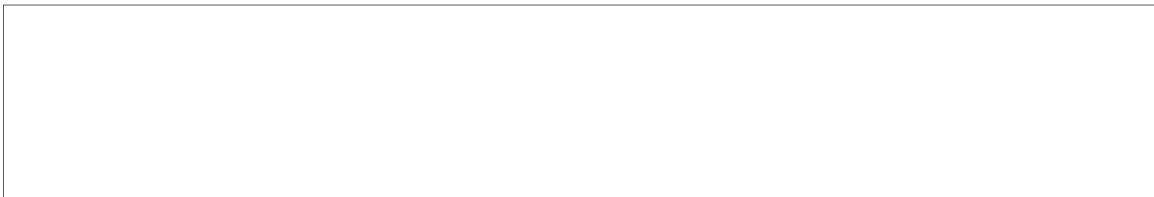
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Speeches yesterday by newly installed President Costa Gomes and former president Spínola contrasted sharply.

In his resignation speech, Spínola bitterly denounced the emergence of a generalized climate of anarchy. He warned the Portuguese people that they were threatened with a "new form of servitude under the banner of false liberty." He declared that he was unable to carry out the program of the Armed Forces Movement because its ideals had been set aside.

Costa Gomes, on the other hand, stressed the achievements that have been made since the April coup and appealed for unity. The new President reaffirmed his support for the Armed Forces Movement and seemed to be signaling that he will be more flexible than his predecessor. He reminded his listeners that in politics "one must not be tied to rigid and preconceived schemes."

Costa Gomes has long acted as a mediator between an unyielding Spínola and the leftist elements of the Armed Forces Movement. Perhaps to assuage discontented supporters of the popular former president, Costa Gomes lavishly praised Spínola's dedication to the Movement's ideals and noted his own efforts to prevent the resignation. Earlier in the afternoon, Costa Gomes visited a commando unit outside Lisbon which professes loyalty to Spínola. Presumably the purpose of the visit was to head off possible unrest.

Costa Gomes promised that Portugal would honor all of its international obligations, including its association with NATO. Foreign Minister Soares had earlier informed the embassy that Lisbon will remain in NATO.

The new President did not discuss the possibility of governmental changes, but several are rumored. Changes to be made in the cabinet will involve the replacement of Spínola's supporters in the ministries of defense and social communications.

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The size of the military junta has been reduced by the forced resignation of three Spinola loyalists. With Spinola's resignation, only three officers remain: Costa Gomes himself and two decidedly leftist admirals.

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CYPRUS

Greek Prime Minister Karamanlis yesterday called upon Greek Cypriots to support acting President Clerides as the only individual who can represent Cyprus. He qualified his backing, however, by stating that support for Clerides should be extended as long as the continuing crisis precludes the return of the "elected president, Archbishop Makarios."

The announcement by Karamanlis followed a meeting he had with a member of the Cypriot House of Deputies who briefed him about the growing disunity within the Greek Cypriot community. In addition, the deputy may have delivered a threat from Clerides to resign if Athens did not give him adequate public support.

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Clerides' move was apparently prompted by the acceleration of the campaign for an early return of Makarios, led mainly by leftist forces but also supported by large segments of other groups. Makarios' supporters staged a mass rally in Limassol on September 29.

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Clerides, meanwhile, continued his discussions of humanitarian issues with Denktash yesterday. The two agreed to resume the exchange of prisoners, which was suspended last week. The suspension apparently was caused by a delay in the return to Cyprus of Greeks held prisoner in Turkey and Turkish reluctance to free the increasing number of Greek Cypriot prisoners on the island who are choosing to return to their villages in the Turkish-occupied sector. In yesterday's talks, the two men reaffirmed that prisoners would be released to wherever they wished. Arrangements are also under way for the return of the Greek Cypriots still held in Turkey.

Nearly 2,000 of the estimated 5,000 Greek and Turkish prisoners have already been exchanged.

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CHINA-PHILIPPINES

Mutual interest in improving relations was dramatized last week as the Chinese gave Philippine first lady Imelda Marcos an extraordinary reception in Peking.

Mrs. Marcos had well-publicized separate meetings with Chairman Mao Tse-tung and with hospitalized Premier Chou En-lai. This was Chou's first appearance in more than six weeks. Excluding earlier meetings with US officials, Mrs. Marcos' discussion with Mao marks the only time in recent years that he has met with an emissary of a government with which Peking has no official ties.

A joint trade agreement announced during the visit provides for China to sell an unspecified amount of petroleum to the Philippines and for Manila to sell sugar, wood products, and other items to the Chinese. Details of the pact are to be worked out when a Philippine trade delegation visits China later in the year.

Although Peking clearly would like to see early recognition, Manila's close relationship with Taiwan is only one of the problems that the Philippines must

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deal with prior to diplomatic relations. The Overseas Chinese community in the Philippines, although much smaller than Malaysia's, has a great deal of economic influence and is--at least on the surface--largely pro-Taipei. The Philippines has from time to time publicly accused Peking of supporting the communist insurgency in northern Luzon. Also, President Marcos has often said that he would recognize the Soviet Union and China almost simultaneously.

None of these issues, however, presents insurmountable problems in Manila. Marcos signaled how he will probably deal with one of them when he said in a speech on September 20 that a "distinction" must be made between communist insurgency at home and the communist governments which are trying to make a contribution to "cooperation among nations." It would appear that Marcos was attempting to play down his government's charges that China was supporting the insurgents.

By its treatment of Mrs. Marcos, Peking has shown that it will maintain an unusual amount of pressure for early recognition. President Marcos may conclude that, despite his reservations, the time has come to accelerate the pace of developing Sino-Philippine relations.

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National Intelligence Bulletin October 1, 1974**TURKEY**

Suleyman Demirel, leader of the Justice Party, has been designated to try to put together a right-of-center coalition. President Koruturk gave the mandate to Demirel yesterday after Prime Minister Ecevit informed the President that he had failed in his second attempt to form a coalition.

The Democratic Party rejected Ecevit's proposal to join in a coalition, despite the Prime Minister's willingness to drop his insistence on elections this year. Ecevit will continue as head of a caretaker government while Demirel negotiates with the leaders of the Democratic and National Salvation parties. A caretaker government led by Ecevit will provide some continuity but will be unable to take any initiatives.

If Demirel can get the Democrats and the Salvationists to go along with his efforts, the three-party coalition would have a majority of approximately 15 in the 450-seat parliament. The Democratic Party, however, is made up largely of former Justice Party members who broke with Demirel in 1970, and they remain bitterly opposed to him. The chances of a rightist coalition emerging would be much better if Demirel were to step aside.

Ecevit believes that Demirel will fail in his attempt to organize a new government. The Prime Minister told the US embassy last week that once it is demonstrated that a rightist coalition is out of reach, his own chances of enticing the Democratic Party into a coalition with his Republican People's Party will be much improved. Ecevit predicted that Demirel would be given one week to put together a coalition.

If the rightist political forces succeeded in putting together a coalition, they would be unlikely to make any radical departures from the policies pursued by Ecevit on such issues as Cyprus and relations with the US, including the opium question. A rightist coalition might find it more difficult than would Ecevit, however, to make significant concessions to the Greeks.

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EUROPEAN COMMUNIST PARTIES

The opening date of the Warsaw preparatory meeting of European Communist parties has slipped back to mid-October. The consultative session is supposed to lay the groundwork for a formal conference of European parties that, if the Soviets have their way, will be followed by a world Communist party conference.

Moscow's main purpose is to win the backing of the other parties in its quarrel with China. Many Western parties want to stay clear of the Moscow-Peking dispute and to concentrate on developing a coordinated approach to the opportunities and problems growing out of the West's economic and political difficulties. Among the topics that may be proposed at Warsaw for the formal conference agenda are European security, economic integration and cooperation, lessons learned from Chile and Cyprus, and ways to strengthen the Portuguese and Spanish Communist parties.

Although the major European Communist parties have agreed to attend the preparatory meeting, many still have reservations about the subsequent conferences. The Romanians say they will participate in them only if there are no attacks on the Chinese. They would also like the preliminary meeting to produce a conference agenda broad enough to be attractive to "all progressive parties." The Italians, who have helped organize the consultative session, want the formal conference to discuss only what policies the European parties should follow after the European Security Conference. The Yugoslavs reportedly will decide whether they will attend the formal conference after they evaluate the results of the preliminary meeting.

The Yugoslavs intend to bring up recent "cominformist" activities at the Warsaw meeting. This will be a tough subject for the Soviets. While they also may not be able to prevent other parties from raising controversial topics, the Soviets certainly will want to avoid replying to accusations that they have meddled in Yugoslav affairs. [REDACTED]

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